

## Message Text

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PAGE 01 CONAKR 00407 151616Z

ACTION COME-00

INFO OCT-01 AF-08 EA-07 NEA-10 ISO-00 EB-08 CIAE-00 INR-07

NSAE-00 XMB-02 TRSE-00 OPIC-03 AID-05 IGA-02 FEAE-00

L-03 EUR-12 PRS-01 /069 W

-----151759Z 041641 /47

R 141505Z MAR 77

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 2845

INFO AMEMBASSY JAKARTA

AMEMBASSY LAGOS

AMEMBASSY MONROVIA

AMEMBASSY TRIPOLI

C O N F I D E N T I A L CONAKRY 0407

E.O. 11652: GDS

TAGS: BEXP BENG GV

SUBJECT: MIFERGUI-NIMBA IRON ORE PROJECT - UPDATE

1. WORK PROGRESS: KAISER ENGINEERS IN PLACE AT NIMBA SITE AND IN CONAKRY WHERE THEY ARE OPENING RESIDENT OFFICE. USUAL LOGISTIC HEADACHES BEING ENCOUNTERED - FOOD, LODGING AND TRANSPORTATION DIFFICULTIES HAVE SLIGHTLY DELAYED START UP SECOND PHASE ENGINEERING FEASIBILITY STUDY. LACK OF ROADS AT SITE HAS RESULTED IN ONLY FIVE RESPONSES TO REQUEST FOR BIDS ON DRILLING CONTRACT. BIDS OPENED SATURDAY MARCH 12.

2. SUPPLY CONTRACTS: PARTNERS ARE IN PROCESS SPECIFYING PRECISE ORE REQUIREMENTS. NIGERIA HAS INFORMED PARTNERS IT WILL TAKE 3.5 MILLION TYP OF AVAILABLE SHARE OF 4.3 MILLION. FROM PRELIMINARY INDICATIONS MIFERGUI-NIMBA MANAGEMENT EXPECTS 3 MILLION TYP AVAILABILITY OUT OF TOTAL PRODUCTION 15 MILLION TYP. ON THIS BASIN MIFERGUI-NIMBA HAS OPENED CONTRACT NEGOTIATIONS FOR SUPPLY CONTRACTS WITH U.S. STEEL AND ARMCO. LATTER HAS TENTATIVELY AGREED TO 1 MILLION TYP FOR USE/SWAP IN INDONESIAN OPERATIONS.

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3. EQUITY DISCUSSIONS: WORLD BANK HAS AGREED IN PRINCIPLE TO FINANCE UP TO \$160. MILLION OF INFRASTRUCTURE COST. FINANCING DEPENDENT ON EQUITY PARTICIPATION OF MAJOR STEEL PRODUCER. WORLD BANK HAS HELD THREE DISCUSSION SESSIONS WITH U.S. STEEL WHICH HAS NOW AGREED TO CONSIDER ASSUMPTION OF 15 PERCENT EQUITY PARTICIPATION. NEGOTIATIONS ON PARTICIPATION WILL BEGIN FOLLOWING COMPLETION OF KAISER ENGINEERS FEASIBILITY STUDY SCHEDULED FOR JUNE, 1978.

4. LAMCO NEGOTIATIONS: BOARD MEETING SCHEDULED IN PARIS MARCH 23.  
FOLLOWING MEETING DISCUSSIONS ARE SCHEDULED WITH LAMCO IN  
BRUSSELS OVER WEEKEND OF MARCH 26. PRELIMINARY INDICATIONS  
ARE THAT LAMCO SEES MORE PROFITABILITY IN TRANSPORT CONTRACT  
THAN AS EQUITY PARTICIPANT.  
HARROP

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009